



Washington State Gambling Commission

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Essay Contests You Could Win this House.

OrMaybe not. Ads like this for "Essay Contests" -- promising to give away houses, businesses and other property all based upon the contestant's writing skill -- have become a common sight in local newspapers and magazines. Is it as simple as it sounds? Not really.

Most contest fail: In a typical contest, a "small" fee (of \$100.00 or so) is charged to enter. Contestants then write a essay of about 250 words on "why it would be nice to own a house in beautiful _____, Washington," and win their chance at a dream house. When enough entries are received, the prize is supposed to be awarded.

It may sound like a neat idea, but we don't know of any houses that have actually been given away in Washington. Usually there aren't enough contestants to pay for the house, so the contest is cancelled or postponed to allow for more entries.

Lack of regulation: These contests are not regulated as gambling. There is a tremendous potential for fraud in these contests. Someone could collect all the money and fail to give away the house. Or, they could give it to a relative or someone who has paid them on the side. The only reason these events are staged as essay contests and not raffles is that it takes them beyond the jurisdiction of the Gambling Commission. However, that doesn't mean the Attorney General's Office, or any consumer who suffers economic damages can't act if the contest is conducted in an unfair or deceptive way, under the State's Consumer Protection Act (RCW 19.86.020).

Questions to ask: Essay contests aren't considered gambling if the award is really based upon merit or skill. Therefore, they are not per se illegal. But there are many questions consumers should ask if they are thinking about entering such a contest:

(1) **Does the person running the contest actually own property?** It may seem obvious, but can the contest sponsor really give you the property if you win? Is there a mortgage or other debt on the property? In one contest to give away a service station, it turned out that the gas tanks and pumps were about to be repossessed.

(2) **Are the location and characteristics of the property being misrepresented?** Is your new dream house in a swamp? In Timbuktu? What kind of condition is it in? Usually, the motivation for running such a contest is that the sponsor can't sell the house or business on the open market.

(3) **Is there any assurance that the money won't disappear?** Has the contest sponsor set up a separate escrow or trust account where the money will be held until the contest is over? Will they name the trustee or escrow company? Are the entry fees being paid directly to the escrow agent? If the money is being spent to promote the contest itself, or for other expenses, there may not be any left for refunds.

(4) **If the contest is cancelled, do you get a refund?** If so, is it a full or partial refund? Is there a separate processing fee? Is a portion of the entry fee "non-refundable"? Some contest sponsors keep 10-20 percent of the entry fee for "costs".

(5) **When will the prize be awarded?** Has a specific date been set for when the contest will end? How many entries are required? A dishonest sponsor can avoid paying refunds by repeatedly extending the contest.

(6) **Is the contest bonded?** Bonding is a form of insurance that is one way to guarantee that the prize will be actually awarded, or that refunds can be made if the contest is not completed.

(7) **Who will judge the contest?** How are judges selected? Are they truly independent? What are their qualifications?

(8) **What are the judges looking for?** Are there specific standards or criteria that have to be met?

No endorsement from the State. One sure tip-off that an essay contest is not completely on the up and up: a sponsor who claims government approval. Although the Attorney General's Office and the Gambling Commission are often asked whether these contests are legal, they do not approve, license, or ever endorse them. If the contest sponsor is implying they have government approval or a license, they are not being honest. If you have concerns that a contest is being conducted fraudulently, call the Consumer Protection Division of the Attorney General's Office at (800) 551-4636.

If you or someone you know have a gambling problem, call (800) 547-6133

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This information sheet has been a cooperative effort of the Attorney General's Office, Washington State Gambling Commission and the Washington State Department of Licensing.